

Drafting Note: The term “certificate” should be substituted for the word “policy” throughout the outline of coverage where appropriate.

**37.15(4)** Notice regarding policies or certificates which are not Medicare supplement policies.

*a.* Any accident and sickness insurance policy or certificate, other than a Medicare supplement policy, a policy issued pursuant to a contract under Section 1876 of the federal Social Security Act (42 U.S.C. Section 1395 et seq.), disability income policy, or other policy identified in 37.2(514D) issued for delivery in this state to persons eligible for Medicare shall notify insureds under the policy that the policy is not a Medicare supplement policy or certificate. The notice shall either be printed or attached to the first page of the outline of coverage delivered to insureds under the policy, or if no outline of coverage is delivered, to the first page of the policy, or certificate delivered to insureds. The notice shall be in no less than 12-point type and shall contain the following language:

“THIS [POLICY OR CERTIFICATE] IS NOT A MEDICARE SUPPLEMENT [POLICY OR CONTRACT]. If you are eligible for Medicare, review the Guide to Health Insurance for People with Medicare available from the company.”

*b.* Applications provided to persons eligible for Medicare for the health insurance policies or certificates described in 37.15(4) “*a*” shall disclose, using the applicable statement in Appendix C, the extent to which the policy duplicates Medicare. The disclosure statement shall be provided as a part of, or together with, the application for the policy or certificate.

**191—37.16(514D) Requirements for application forms and replacement coverage.**

**37.16(1)** Application forms shall include the following questions designed to elicit information as to whether, as of the date of the application, the applicant has another Medicare supplement or other health insurance policy or certificate in force or whether a Medicare supplement policy or certificate is intended to replace any other accident and sickness policy or certificate presently in force. A supplementary application or other form to be signed by the applicant and agent containing such questions and statements may be used.

*a.* Statements.

- (1) You do not need more than one Medicare supplement policy.
- (2) If you purchase this policy (certificate), you may want to evaluate your existing health coverage and decide if you need multiple coverages.
- (3) You may be eligible for benefits under Medicaid and may not need a Medicare supplement policy.
- (4) The benefits and premiums under your Medicare supplement policy can be suspended, if requested, during your entitlement to benefits under Medicaid for 24 months. You must request this suspension within 90 days of becoming eligible for Medicaid. If you are no longer entitled to Medicaid, your policy will be reinstituted if requested within 90 days of losing Medicaid eligibility.

(5) Counseling services may be available in your state to provide advice concerning your purchase of Medicare supplement insurance and concerning medical assistance through the state Medicaid program, including benefits as a Qualified Medicare Beneficiary (QMB) and a Specified Low-Income Medicare Beneficiary (SLMB).

*b.* Questions.

- (1) To the best of your knowledge do you have another Medicare supplement policy or certificate in force?
- (2) If so, with which company?
- (3) If so, do you intend to replace your current Medicare supplement policy with this policy (certificate)?
- (4) Do you have any other health insurance coverage that provides benefits similar to this Medicare supplement policy?
  1. If so, with which company?
  2. What kind of policy?

(5) Are you covered for medical assistance through the state Medicaid program:

1. As a Specified Low-Income Medicare Beneficiary (SLMB)?
2. As a Qualified Medicare Beneficiary?
3. For any other Medicaid medical benefits?

**37.16(2)** Agents shall list any other health insurance policies they have sold to the applicant.

- a. List policies sold which are still in force.
- b. List policies sold in the past five years which are no longer in force.

**37.16(3)** In the case of a direct response issuer, a copy of the application or supplemental form, signed by the applicant and acknowledged by the insurer, shall be returned to the applicant by the insurer upon delivery of the policy.

**37.16(4)** Upon determining that a sale will involve replacement of Medicare supplement coverage, any issuer, other than a direct response issuer, or its agent, shall furnish the applicant, prior to issuance or delivery of the Medicare supplement policy or certificate, a notice regarding replacement of Medicare supplement coverage. One copy of such notice signed by the applicant and the agent, except where the coverage is sold without an agent, shall be provided to the applicant and an additional signed copy shall be retained by the issuer. A direct response issuer shall deliver to the applicant at the time of the issuance of the policy the notice regarding replacement of Medicare supplement coverage.

**37.16(5)** The notice required by 37.16(4) for an issuer shall be provided in substantially the following form in no less than 12-point type:

**NOTICE TO APPLICANT REGARDING REPLACEMENT  
OF MEDICARE SUPPLEMENT INSURANCE**

[Insurance company's name and address]

**SAVE THIS NOTICE! IT MAY BE IMPORTANT TO YOU IN THE FUTURE**

According to [your application] [information you have furnished], you intend to terminate existing Medicare supplement insurance and replace it with a policy to be issued by [Company Name] Insurance Company. Your new policy will provide 30 days within which you may decide without cost whether you desire to keep the policy.

You should review this new coverage carefully. Compare it with all accident and sickness coverage you now have. If, after due consideration, you find that purchase of this Medicare supplement coverage is a wise decision, you should terminate your present Medicare Supplement coverage. You should evaluate the need for other accident and sickness coverage you have that may duplicate this policy.

**STATEMENT TO APPLICANT BY ISSUER, AGENT**

**[BROKER OR OTHER REPRESENTATIVE]:**

I have reviewed your current medical or health insurance coverage. To the best of my knowledge, this Medicare supplement policy will not duplicate your existing Medicare supplement coverage because you intend to terminate your existing Medicare supplement coverage. The replacement policy is being purchased for the following reason(s) (check one):

- ☐ Additional benefits.
- ☐ No change in benefits, but lower premiums.
- ☐ Fewer benefits and lower premiums.
- ☐ Other. (please specify)

If you still wish to terminate your present policy and replace it with new coverage, be certain to truthfully and completely answer all questions on the application concerning your medical and health history. Failure to include all material medical information on an application may provide a basis for the company to deny any future claims and to refund your premium as though your policy had never been in force. After the application has been completed and before you sign it, review it carefully to be certain that all information has been properly recorded. [If the policy or certificate is guaranteed issue, this paragraph need not appear.]

Do not cancel your present policy until you have received your new policy and are sure that you want to keep it.

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(Signature of Agent, Broker or Other Representative)\*  
[Typed Name and Address of Issuer, Agent or Broker]

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(Applicant's Signature)

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(Date)

\*Signature not required for direct response sales.

**191—37.17(514D) Filing requirements for advertising.** An issuer shall provide a copy of any Medicare supplement advertisement intended for use in this state whether through written, radio or television medium to the commissioner of insurance of this state for review or approval by the commissioner to the extent it may be required under state law.

**191—37.18(514D) Standards for marketing.**

**37.18(1)** An issuer, directly or through its producers, shall:

- a. Establish marketing procedures to ensure that any comparison of policies by its agent or other producers will be fair and accurate.
- b. Establish marketing procedures to ensure excessive insurance is not sold or issued.
- c. Display prominently by type, stamp or other appropriate means, on the first page of the policy, the following:  
“Notice to buyer: This policy may not cover all of your medical expenses.”
- d. Inquire and otherwise make every reasonable effort to identify whether a prospective applicant or enrollee for Medicare supplement insurance already has accident and sickness insurance and the types and amounts of any such insurance.
- e. Establish auditable procedures for verifying compliance with this subrule.
- f. At solicitation, provide written notice to the prospective policyholder or certificate holder of the name, address, and telephone number of the senior insurance counseling program approved in Iowa by the commissioner of insurance. The written notice shall be in a form prescribed by the commissioner.

**37.18(2)** In addition to the practices prohibited in Iowa Code chapter 507B, the following acts and practices are prohibited:

*a. Twisting.* Knowingly making any misleading representation or incomplete or fraudulent comparison of any insurance policies or insurers for the purpose of inducing, or tending to induce, any person to lapse, forfeit, surrender, terminate, retain, pledge, assign, borrow on, or convert any insurance policy or to take out a policy of insurance with another insurer.

*b. High-pressure tactics.* Employing any method of marketing having the effect of or tending to induce the purchase of insurance through force, fright, threat, whether explicit or implied, or undue pressure to purchase or recommend the purchase of insurance.

*c. Cold-lead advertising.* Making use directly or indirectly of any method of marketing which fails to disclose in a conspicuous manner that a purpose of the method of marketing is solicitation of insurance and that contact will be made by an insurance agent or insurance company.

**37.18(3)** The terms “Medicare Supplement,” “Medigap,” “Medicare Wrap-Around” and words of similar import shall not be used unless the policy is issued in compliance with this chapter.

**191—37.19(514D) Appropriateness of recommended purchase and excessive insurance.**

**37.19(1)** In recommending the purchase or replacement of any Medicare supplement policy or certificate an agent shall make reasonable efforts to determine the appropriateness of a recommended purchase or replacement.

**37.19(2)** Any sale of Medicare supplement coverage that will provide an individual more than one Medicare supplement policy or certificate is prohibited.

**191—37.20(514D) Reporting of multiple policies.**

**37.20(1)** On or before March 1 of each year, an issuer shall report the following information for every individual resident of this state for which the issuer has in force more than one Medicare supplement policy or certificate:

- a.* Policy and certificate number, and
- b.* Date of issuance.

**37.20(2)** The items set forth above must be grouped by individual policyholder.

**191—37.21(514D) Prohibition against preexisting conditions, waiting periods, elimination periods and probationary periods in replacement policies or certificates.**

**37.21(1)** If a Medicare supplement policy or certificate replaces another Medicare supplement policy or certificate, the replacing issuer shall waive any time periods applicable to preexisting conditions, waiting periods, elimination periods and probationary periods in the new Medicare supplement policy or certificate to the extent such time was spent under the original policy.

**37.21(2)** If a Medicare supplement policy or certificate replaces another Medicare supplement policy or certificate which has been in effect for at least six months, the replacing policy shall not provide any time period applicable to preexisting conditions, waiting periods, elimination periods and probationary periods.

**191—37.22(514D) Separability.** If any provisions of this chapter or the application thereof to any person or circumstance is for any reason held to be invalid, the remainder of the chapter and the application of such provision to other persons or circumstances shall not be affected thereby.

**191—37.23(514D) Prohibition against using SHIIP prepared materials.** The Senior Health Insurance Information Program (SHIIP) may prepare a consumer Medicare supplement insurance premium guide and benefits comparison guide. This guide and the SHIIP name or logo shall not be used in

the solicitation or sale of health insurance products. Violation of this provision shall be deemed an unfair trade practice under Iowa Code chapter 507B.

Appendix A

MEDICARE SUPPLEMENT REFUND CALCULATION FORM  
FOR CALENDAR YEAR \_\_\_\_\_

TYPE \_\_\_\_\_ SMSBP (w) \_\_\_\_\_  
For the State of \_\_\_\_\_  
Company Name \_\_\_\_\_  
NAIC Group Code \_\_\_\_\_ NAIC Company Code \_\_\_\_\_  
Person Completing This Exhibit \_\_\_\_\_  
Title \_\_\_\_\_ Telephone Number \_\_\_\_\_

	(a) Earned <u>Premium (x)</u>	(b) Incurred <u>Claims (y)</u>
1. Current Year's Experience		
a. Total (all policy years)		
b. Current Year's issues (z)		
c. Net (for reporting purposes = 1a - 1b)	_____	_____
2. Past Year's Experience (All Policy Years)	_____	_____
3. Total Experience (Net Current Year + Past Years' Experience)	_____	_____
4. Refunds last year (Excluding Interest)		
5. Previous Since Inception (Excluding Interest)		

6. Refunds Since Inception (Excluding Interest)

7. Benchmark Ratio Since Inception  
(SEE WORKSHEET FOR RATIO 1)

8. Experienced Ratio Since Inception

Total Actual Incurred Claims (Line 3, Col. b) = Ratio 2

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Total Earned Premium (Line 3, Col. a) - Refunds Since Inception (Line 6)

9. Life Years Exposed Since Inception \_\_\_\_\_

If the Experienced Ratio is less than the Benchmark Ratio, and there are more than 500 life years exposure, then proceed to calculation of refund.

10. Tolerance Permitted (obtained from credibility table) \_\_\_\_\_

## Appendix A

MEDICARE SUPPLEMENT REFUND CALCULATION FORM  
FOR CALENDAR YEAR \_\_\_\_\_

TYPE \_\_\_\_\_ SMSBP (w) \_\_\_\_\_  
 For the State of \_\_\_\_\_  
 Company Name \_\_\_\_\_  
 NAIC Group Code \_\_\_\_\_ NAIC Company Code \_\_\_\_\_

## 11. Adjustment to incurred Claims for Credibility

Ratio 3 = Ratio 2 + Tolerance

If Ratio 3 is more than benchmark ratio (ratio 1), a refund or credit to premium is not required.

If Ratio is less than the benchmark ratio, then proceed.

## 12. Adjusted Incurred Claims =

[Total Earned Premiums (Line 3, Col. a) - Refunds Since Inception (Line 6)] x Ratio 3 (Line 11)

13. Refund = Total Earned Premiums (Line 3, Col. a) -  
 Refunds Since Inception (Line 6) -

Adjusted Incurred Claims (Line 12)  
Benchmark Ratio (Ratio 1)

If the amount on Line 13 is less than .005 times the annualized premium in force as of December 31 of the reporting year, then no refund is made. Otherwise, the amount on Line 13 is to be refunded or credited, and a description of the refund and/or credit against premiums to be used must be attached to this form.

Medicare Supplement Credibility Table

Life Years Exposed <u>Since Inception</u>	<u>Tolerance</u>
10,000 +	0.0%
5,000 - 9,999	5.0%
2,500 - 4,999	7.5%
1,000 - 2,499	10.0%
500 - 999	15.0%

If less than 500, no credibility

Appendix A

MEDICARE SUPPLEMENT REFUND CALCULATION FORM  
FOR CALENDAR YEAR \_\_\_\_\_

TYPE(1) \_\_\_\_\_ SMSBP(2) \_\_\_\_\_  
For the State of \_\_\_\_\_  
Company Name \_\_\_\_\_  
NAIC Group Code \_\_\_\_\_ NAIC Company Code \_\_\_\_\_

- (1) Individual, Group, Individual Medicare Select, or Group Medicare Select
- (2) "SMSBP" Standardized Medicare Supplement Benefit Plan
- (3) Includes Modal loadings and fees charged
- (4) Excludes Active Life Reserves.
- (5) This is to be used as "Issue Year Earned Premium" for Year 1 of next year's  
"Worksheet for Calculation of Benchmark Ratios"

I certify that the above information and calculations are true and accurate to the best of my knowledge and belief.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name - Please Type

\_\_\_\_\_  
Title  
\_\_\_\_\_

Date